TRANSPORTATION INVESTMENT CORPORATION

ANNUAL REPORT 2013/14

BRITISH COLUMBIA

Transportation Investment Corporation

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MESSAGE FROM THE CHAIR

To: The Honourable Todd Stone, Minister of Transportation and Infrastructure

Dear Minister:

On behalf of the Board of Directors and the team at Transportation Investment Corporation (TI Corp), I am pleased to present our 2013/14 annual report.

After four years of construction, 2013/14 will be remembered as the year the Port Mann/Highway 1 Improvement Project delivered its promised travel time savings to drivers. In December, new Highway 1 lanes west of the Port Mann Bridge opened to traffic, linking 37 kilometers of improvements from Langley to Vancouver. As projected during the project planning phase, drivers have cut their commute times in half, and many are saving up to an hour a day.

With these significant benefits in mind, TI Corp continued its transition from construction to tolling operations. Additional emphasis has been placed on providing superior customer service and developing positive and proactive engagement with corridor users – our customers. Going forward, TI Corp's goals reflect the operation of an open road tolling system, the provision of services and benefits based on best practices used by similar tolled bridges and roadways, and the operation of a sustainable and financially stable organization.

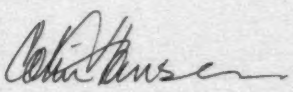
The organization concluded the 2013/14 fiscal year in a financially stable position, remaining within its $3.319 billion capital budget and on schedule for complete project delivery. TI Corp met its financial objectives and achieved a net loss $4 million better than budgeted. This was primarily due to the lower than expected costs of operating the toll system, a result of the previous year's successful registration campaign which increased system efficiency while lowering costs.

In order to ensure it remains on a stable and predictable footing in the years ahead, TI Corp updated the financial forecast for the tolling period to incorporate the impact of both actual operating experience and an updated traffic forecast. With the updated forecast indicating lower traffic volumes than previously anticipated, revenue targets were revised in the 2014/15 - 2016/17 Service Plan and TI Corp is undertaking efforts to reduce costs and ensure it remains on track to fulfill all financial obligations by 2050.

As the new Chair of the Board, I look forward to working with the TI Corp team as it moves forward in its new operational phase.

On behalf of the Board of Directors, I would like to thank the team at TI Corp for their contributions to the organization. I look forward to presenting our further successes a year from now.

Sincerely,



Colin Hansen
Chair, Board of Directors

ACCOUNTABILITY STATEMENT

Transportation Investment Corporation's annual report for 2013/2014 has been prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of Transportation Investment Corporation for the 12 months ending March 31, 2014 in relation to the 2013/14 – 2015/16 Revised Service Plan published in June 2013.

The Board is accountable for the contents of the report, including the selection of performance measures and how results have been reported. The measures presented are consistent with Transportation Investment Corporation's goals, objectives, and focus on aspects critical to the organization's performance.

All significant assumptions, policy decisions, events and identified risks, as of March 31, 2014, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. The Board is responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

Any changes in mandate direction, goals, strategies, measures of targets and any significant limitations in the reliability of data are identified in the report.

Colin Hansen
Chair, Board of Directors

ORGANIZATIONAL OVERVIEW

Mandate and Enabling Legislation

Transportation Investment Corporation (TI Corp) is established under the *Transportation Investment Act*. TI Corp's primary mandate as part of the Province's Gateway Program is to manage and ensure successful delivery and implementation of the Port Mann/Highway 1 (PMH1) Improvement Project.

TI Corp is also mandated to recover the capital costs of the project as well as operating and maintenance costs of the bridge and highway.

Corporate Profile

Transportation Investment Corporation is a public Crown corporation established in 2008 by the Government of British Columbia to manage and ensure successful delivery and implementation of the Port Mann/Highway 1 Improvement Project.

In addition to overseeing construction of the new bridge and related highway improvements, TI Corp oversees TReO, the all-electronic toll system on the Port Mann Bridge being used to collect tolls to pay for the project.

Our mandate is to recover the capital costs of the project including operating and maintenance costs of the bridge and highway before the expiry of the tolling period in 2050, as laid out in the Concession Agreement.

Our vision is to develop and implement self-sustaining infrastructure projects for the benefit of British Columbians.

Our Values

Responsibility - We are accountable for our actions, celebrate our wins and learn from our mistakes. We work hard to inspire commitment, trust and honesty amongst our team to deliver best in class service.

Collaboration – Together, we make decisions and solve problems by combining knowledge, leveraging creativity and learning from each other's experiences. We embrace opportunities where we can engage our team, our stakeholders and most importantly our customers to achieve results.

Helpfulness – We take every opportunity to serve our customers, support our community and respect the environment. We look for ways in which we can help one another achieve goals and support a healthy work/life balance.

Intelligence – We take pride in working as a smart team who create, sustain and improve intelligent systems and innovative solutions that allow us to do more with less and empower our customers to make informed decisions.

Efficiency – We continually look for new ways to benefit our customers and sustain our business by delivering quality results through good use of our time, effort and resources.

CORE BUSINESS AREAS AND SERVICES

Construction

The PMH1 Project is the largest transportation project in B.C. history. The project includes the following key components:

- New 10-lane Port Mann Bridge
- Widen Highway 1:
    - 37 kilometres – McGill Street (Vancouver) to 216 Street (Langley)
    - Two additional lanes in each direction east of bridge
    - One additional lane in each direction west of bridge
- Improve access and safety at existing interchanges and build new, modern interchanges:
    - Cape Horn – the number of overpasses and underpasses will increase from four to 15 to provide direct connections between Highway 1 and major arterial roads
    - Seven Highway 1 overpasses are being widened:
        - First Avenue, Lougheed Highway, BNSF Railway near Boundary Road and BNSF Railway near Cariboo Road, Boundary Road, Brunette River and North Road
    - Nine Highway 1 interchanges/overpasses are being replaced:
        - Willingdon Avenue, Sprott Street, Kensington Avenue, Gaglardi Way, Cariboo Road, King Edward Street, 152 Street, 160 Street and 176 Street.
    - To support carpooling and alternative modes of transportation, the PMH1 Project includes dedicated HOV and transit infrastructure:
        - HOV ramps at Grandview Highway (Vancouver)
        - Transit/HOV ramps at 156 Street (Surrey)
    - In addition, construction of the new Carvolth Transit Exchange and Park & Ride at 202 Street (Langley), which connects directly to Highway 1 HOV lanes via dedicated Transit/HOV ramps

Construction of the PMH1 project is being delivered in four phases:

Phase 1: Open eight lanes of the new bridge, complete improvements in Surrey and Langley as well as key traffic movements at the Cape Horn Interchange. Opened in December 2012.

Phase 2: Complete highway widening and interchange improvements through Vancouver, Burnaby and Coquitlam. Opened in December 2013.

Phase 3: Open the remaining two lanes on the Port Mann Bridge and complete the final connections to the Cape Horn and 152 Street Interchanges.

Phase 4: Complete removal of the original Port Mann Bridge.

Toll Collection and Debt Repayment

The PMH1 project uses a free-flow, open road tolling system – a safer, more efficient and cost effective method of tolling than traditional toll booths. The Port Mann Bridge tolling framework encourages drivers to register for a free TReO tolling account, TI Corp's customer-facing brand. Registered accounts with windshield decals and payment mechanisms on file are the most efficient and cost effective method of administering the toll system.

The efficiency associated with registered accounts allows TI Corp to minimize operating costs, which helps to keep tolls low for users.

The toll gantry located on the east side of the Port Mann Bridge in Surrey spans 75 metres across Highway 1.

TI Corp delivers on its toll collection mandate in two key areas:

Customer Service

- Dedicated customer service representatives that provide service in person, by phone and by email in six languages
- Two customer service walk-in centres, located on either side of the bridge
- A dedicated call centre where approximately 80% of calls are answered within 20 seconds, and every effort is made to resolve questions/issues in the first call
- An award winning website that provides easy access to information and account services
- Multiple payment options for registered and unregistered customers – online, by phone, in person, at the bank, at a kiosk, via text message, by mail

Toll System

- An industry leading radio frequency identification (RFID) system that reads the signal from windshield decals, providing an accurate read 99.9% of the time
- 64 cameras located at the toll gantry, providing detailed, accurate licence plate images
- A series of loops embedded in the roadway to measure the number of axles for each passing vehicle
- A series of lasers that measure vehicle length to assess the appropriate toll classification
- A sophisticated toll system that collects roadside information to determine the appropriate and accurate toll transaction and automatically posts it to the customer's account

Highway Operations and Maintenance

One of the key objectives of the PMH1 Project is to improve safety along the Highway 1 corridor, the busiest and most important economic route in the Lower Mainland. With the addition of new highway lanes, and a dramatic reduction in congestion, TI Corp is meeting that commitment. Corridor safety is enhanced through a dedicated Operations and Maintenance program that includes:

- Highway maintenance (line painting, road surface paving)
- Incident and accident response
- Monitoring and rehabilitation of overpasses, pedestrian pathways and other highway structures
- Winter maintenance for the roadway, as well as the bridge's new cable collar system
- Assisting drivers stranded at the roadside

Maintenance and operations work conducted by Mainroad Infrastructure Management helps ensure travel on the corridor is safe, efficient and reliable.

PARTNERS, CLIENTS, STAKEHOLDERS

TI Corp's key functions include managing construction of the project on budget and on time with minimal disruption to road and bridge users, ongoing management and oversight of the design build contractors and their activities, implementing and operating the tolling system, repaying the project debt and providing a safe and efficient transportation corridor.

Our key partners include:

- Kiewit/Flatiron General Partnership
- Trans Canada Flow Tolling Inc. (TC Flow)
- Sanef ITS Inc.
- Mainroad Infrastructure Management Limited Partnership
- Ministry of Transportation and Infrastructure/BC Transportation Financing Authority
- Municipalities adjacent to the corridor
- Insurance Corporation of British Columbia
- TransLink
- V-Flow Tolling Inc.

The new ExpressBus service from Langley is a popular and attractive option for many commuters. More than 50,000 riders per month are now using this service, a 25 per cent increase over January 2013.

Key stakeholders and clients include tolling customers, business and industries that will benefit from the project improvements and those providing advice and input:

- TI Corp's customers, the travelling public
- RCMP and other first responders
- First Nations
- Businesses, Chambers of Commerce
- Commercial trucking, service companies and drivers
- Businesses and residents adjacent to the project corridor

Additional information about TI Corp can be viewed at the following website link:
http://www.pmh1project.com

More information about open road tolling and TReO, TI Corp's customer service brand, is available at this link: http://www.treo.ca

TI Corp Locations

TI Corp operates TReO Customer Service Centres in Surrey and Coquitlam. These locations are conveniently located close to Highway 1 on both sides of the bridge so drivers can pay their tolls or receive customer service before or after they travel.

TI Corp also operates a construction project office with personnel in the field daily along the 37 kilometers of highway improvements.

Corporate
Head Office

Suite 210
1500 Woodridge Street
Coquitlam, BC V3K 0B9

TReO Coquitlam
Customer Service Centre

Second Floor
1500 Woodridge Street
Coquitlam, BC V3K 0B9

TReO Surrey
Customer Service Centre

16300 104 Avenue
Surrey, BC V4N 1Y5

Corporate Governance

By legislation, TI Corp is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board of Directors, through the Chair, report to the Minister of Transportation and Infrastructure (designated as the Minister Responsible for TI Corp) and is responsible for overseeing the conduct of business, directing management and ensuring that all major issues affecting TI Corp's affairs are given appropriate consideration.

The Board of Directors adheres to the following corporate governance principles, which are set in accordance with Part Two "Best Practices Guidelines: Governance" of the province's *Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organization*:

- Act in the best interests of the corporation
- Develop, maintain and adhere to the terms of reference for the Board, Chair, Directors and Committees
- Ensure there is a planning process, to become engaged in the process, and then review, question, validate and, ultimately, endorse the Service Plan and monitor performance
- Follow the Directors Code of Conduct.

As a Crown agency, TI Corp operates under a Government Letter of Expectations that outlines both the corporation's and the shareholders' responsibilities, and is jointly signed by the Minister of Transportation and Infrastructure and the Chair of TI Corp.

TI Corp's Board of Directors is in compliance with the governance practices contained in the Board Resourcing and Development Office (BRDO) corporate governance guidelines. More information regarding TI board governance can be found at: http://www.pmh1project.com/about-the-project/about-ti-corp/Pages/Financial-Reporting.aspx

The board of directors consists of:

Chair – Colin Hansen
Member – Don Fairbairn
Member – Clifford Neufeld

As a public Crown corporation and as part of the provincial government's Public Sector Employer's Council (PSEC), TI Corp operates under PSEC's best practices for transparent and full disclosure of public sector executive compensation.

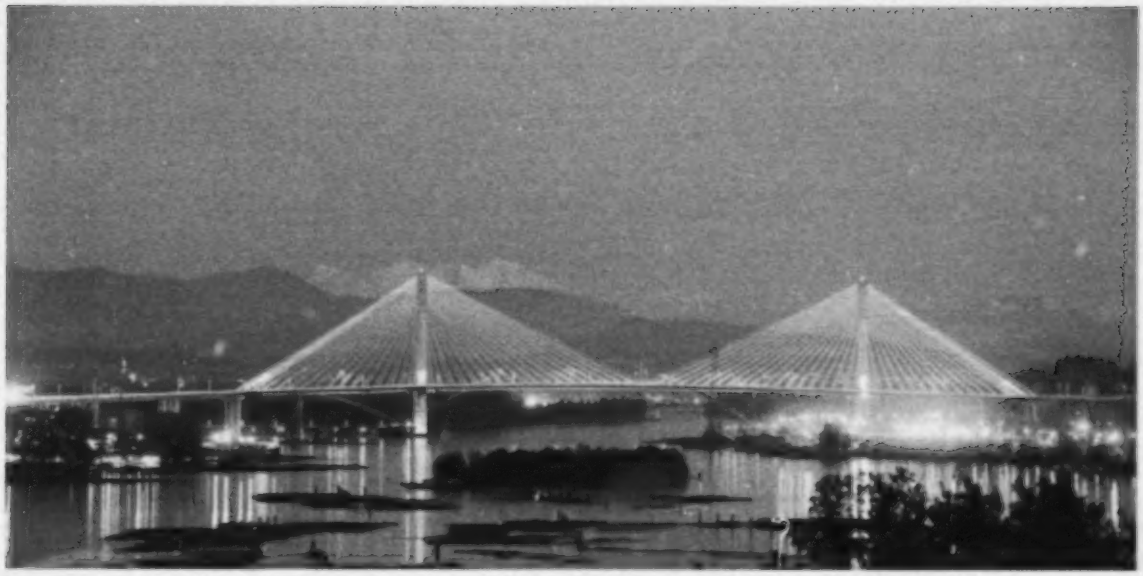
Committees

In November 2013, the Board established an Audit and Risk Committee to replace the existing Operations Committee. This reflects TI Corp's transition from construction operations to tolling operations. Members are:

Chair – Don Fairbairn
Member – Clifford Neufeld

Officers

Janet Woodruff, Chief Executive Officer (Acting)
Pat Soanes, Vice President, Finance and Corporate Services
Mahrokh Arefi, Vice President, Tolling



Construction Progress Report

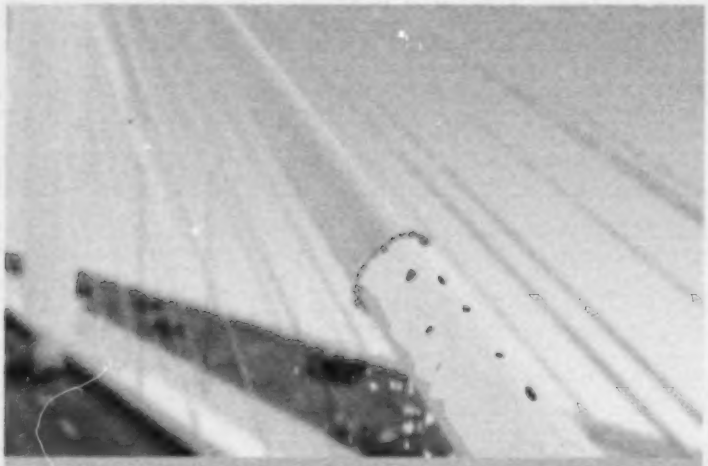
Delivering Time Savings

In 2013/14, Transportation Investment Corporation achieved a major milestone by completing Phase 2 of the PMH1 Project on schedule, opening new Highway 1 lanes west of the Port Mann Bridge and connecting 37 kilometres of improvements from Langley to Vancouver.

A travel time survey conducted by independent engineers confirms PMH1 improvements are delivering the benefits promised during the design phase—savings of up to an hour a day.

These new lanes, together with interchange improvements and the new Port Mann Bridge, delivered the travel time savings promised to drivers during the planning phase of the project. Drivers are now cutting their commute times in half with many drivers saving up to an hour a day.

These time savings have also made the new ExpressBus service from Langley a popular choice for commuters. More than 50,000 riders per month are now using this service, a 25 per cent increase from the previous year.



Cable collars, a snow and ice control measure, are installed on the Port Mann Bridge and keep traffic flowing smoothly during a series of heavy winter storms during 2013/2014.

Winter Weather Control Systems

Snow and ice control measures on the Port Mann Bridge were installed and used successfully over the winter, keeping the crossing free from snow and ice build-up. Traffic flowed smoothly during a series of winter storms that saw several centimetres of snow over the course of multiple-day storms.

The cable collars and meteorological monitoring systems worked as designed and tested, keeping the bridge open.

Dismantling the Original Bridge

Significant progress on the complex task of dismantling of the original Port Mann Bridge was made during 2013/14. The majority of the bridge's approaches were removed allowing crews to continue construction of the new bridge to its full 10-lane width, and connect the cycling and pedestrian path.

Girders on the approaches to the original Port Mann Bridge are cut into sections with thermal lances. Cranes support the girders and lower them to the ground and onto barges.

Tolling Progress Report

Continued Registration Success

Throughout the 2013/14 fiscal year, customer account registrations continued to grow, surpassing TI Corp's projections, and international tolling best practices. At the close of the fiscal year, more than 750,000 TReO accounts were established for more than 1.5 million vehicles. The exceptionally high rate of registrations continues to offer automation and efficiency benefits to customers, as well as TI Corp, providing an Easy, Electronic and Efficient system that saves both time and money.

Treo Website Wins Technology Impact Award

In June 2013, treo.ca earned the British Columbia Technology Industry Association's Adoption of Technology Award. The site was recognized for its easy and efficient user interface, and for exceeding targets for both the total number of registrations processed as well as the percentage processed online. Within the first 75 days of operations, vehicle registration was more than double the original goal of 250,000. 80% of registrants signed up online, exceeding the original target of 60%.

The TReO website earned the 2013 British Columbia Technology Association's Adoption of Technology Award for its easy and efficient user experience.

TI Corp Hosts IBTTA 2013

In September, Transportation Investment Corporation hosted the International Bridge, Tunnel and Turnpike Association's (IBTTA) 81st Annual Meeting and Exhibition. The event was attended by industry leaders from 22 countries. The PMH1 Project was highlighted, providing an opportunity to demonstrate TI Corp's successes and to share that experience with other facilities around the world.

Continued Customer Engagement

Consistent with TI Corp's transition to a customer-centric operating business, 2013/14 saw continued effort to facilitate and improve customer service and engagement. This included:

- A continued focus on superior customer service through ongoing improvements in customer service training and staff development by Trans Canada Flow tolling, the TReO tolling operator.
- The introduction of a new electronic newsletter, TReO Talk, an interactive and engaging customer piece providing timely and relevant customer account updates.
- Renewed customer engagement via social media channels, in particular Twitter, where a recent Twitter contest invited customers to share their best time savings stories in return for a chance to win free trips. Submissions were creative, compelling and numerous, providing the @TReOPortMann Twitter account with weeks of engaging and positive social media activity with some of TI Corp's most frequent customers.

REPORT ON PERFORMANCE

2013/14 marked TI Corp's first full year of tolling operations and a year of significant project milestones.

TI Corp successfully delivered the travel time savings promised by the Port Mann / Highway 1 Improvement Project. With the opening of new Highway 1 lanes west of the Port Mann Bridge, drivers travelling the length of the corridor have cut their travel time in half, saving up to an hour a day.

TI Corp refined its goals in its 2013/14 – 2015/16 Revised Service Plan to reflect its progression from construction activities to the continued operation of an open road tolling system. The 2013/14 results are reported against these targets. For future years (2014/15 – 2016/17) the Targets represent new goals as reported in the recently issued 2014/15 – 2016/17 Service Plan. Its goals shifted to reflect the operation of a self-sustaining and financially stable tolling operation that prioritizes customer service, efficiency and the delivery of travel time savings on the Port Mann/Highway 1 corridor. To that end, TI Corp has made significant progress against these goals.

The organization is still early in its operations and project cost recovery mandate. Now with a year of traffic and revenue data to consider, TI Corp will continue to monitor its results and manage operations to achieve forecasts, goals and performance measures.

As it did in 2013/2014, TI Corp continues to have adequate capacity to stay within budget and on schedule for meeting its goals and targets for the implementation and management of the Port Mann/Highway 1 Improvement Project.

GOAL 1: DELIVER THE PORT MANN/HIGHWAY 1 IMPROVEMENT PROJECT ON TIME AND ON BUDGET

TI Corp continues delivery of the Port Mann/Highway 1 Improvement Project on time and on budget.

A key function of TI Corp is the ongoing management and oversight of the design-build contractor and its activities, ensuring construction proceeds according to schedule and remains on budget.

Final finishing work is taking place along the corridor. This work primarily consists of completing the Port Mann Bridge's final two lanes, which are required for future capacity and efficient operations.

On December 1, 2012, Premier Clark declared the new Port Mann Bridge officially open, marking the end of congestion that plagued the original bridge for decades.

Strategies

TI Corp has minimized schedule and budget risks by managing construction through a design build agreement with its contractor, Kiewit/Flatiron. Under this structure, the contractor is required to meet specific dates for the delivery of certain elements of the project.

TI Corp has set completion targets by fiscal year and measures progress against these targets. The design build agreement structure places responsibility for construction-related cost overruns with the contractor for those activities under its direct control.

TI Corp has set specific financial targets and measures all streams of activity by fiscal year. Progress is measured against these targets.

Table 1: Percentage Completion

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2013/14 Target	2014/15 Target
Achieve percentage of completion target for total design and build construction	74%	91%	96%	99%	100%

Table 2: Remain within the Capital Budget

Performance Measure ($ millions)	2011/12 Actual	2012/13 Actual	2013/14 Actual	2013/14 Target	2014/15 Target
Remain within the approved Capital	$2,457	$2,997	$3,199	$3,270	$3,319

The variance for both the percentage completion and financial targets are results of a lower than expected spending in 2013/14. Credits from partners on shared projects were received earlier than anticipated, lowering total construction spending in 2013/14. The total project schedule and budget remain unchanged.

Performance Management

The design-build contractor reports regularly to TI Corp on project progress and the percentage of completion is derived from an estimate of the progress of the particular segments of the project using verified progress billings. A detailed review of the contractor's progress billing occurs on a quarterly basis to ensure payments are being made in accordance with the design build agreement.

The data used to measure financial performance is contained in TI Corp's annual financial statements, which are subject to an annual independent audit. TI Corp has received an unqualified audit each year it has been in operation.

GOAL 2: Ensure the Safe and Reliable Movement of Traffic and Goods Along the Port Mann/Highway 1 Corridor

A key goal of the PMH1 Project is a safer, more efficient Highway 1 corridor, and improvements opened to traffic during 2013/14 have helped achieve this. Improved interchanges, new merging lanes, dedicated on and off-ramps, improved sightlines, single-point exits and an overall reduction in congestion have all contributed to a safer and more efficient corridor.

With the opening of new Highway 1 lanes west of the Port Mann Bridge in December, commuters began to experience the full benefits of these improvements including full travel time savings promised by the project and added efficiency and safety.

This is a new performance measure set for 2013/14 and reflects TI Corp's shift in roles from a construction focus to that of an operational service provider to customers and stakeholders along the Port Mann/Highway 1 corridor.

Although a new measure of performance, improved travel times and safety have long been key goals of the Port Mann/Highway 1 Improvement Project. The reduction of congestion and travel times along the project corridor, improved safety and accessibility, expanded transit service and an expanded transportation service to better accommodate high occupancy vehicles (HOV), cyclists and pedestrians have been part of the projects scope since inception.

Strategies

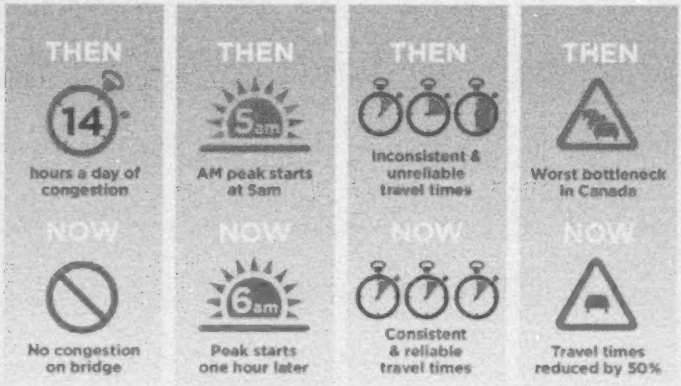
TI Corp's strategies to implement these benefits along the new Port Mann/Highway 1 corridor include:

- Managing corridor reliability and travel time predictability
- Ensuring corridor efficiency, and minimizing disruptions to traffic flow

Performance Measures

Corridor Travel Time Savings

Routes along the Port Mann/Highway 1 corridor were driven, timed and measured at set intervals using GPS data collected by an independent traffic engineering firm. The target for the performance measure is a 30% travel time saving, as set in the Gateway Program Definition Report, published during the Port Mann/Highway 1 Improvement Project planning phase.



To create a benchmark for this performance measure, the same routes were driven before Port Mann/Highway 1 Improvements were opened to traffic. Travel times were measured during prevailing conditions at that time. Since those benchmarks were set, travel time estimates have indicated time savings higher than 50% are possible.

Table 3: Travel Time Savings

Performance Measure	Preconstruction Roundtrip[1] Actual (Benchmark)	2013/14 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Route 1[2] 152 Street to/from United Boulevard	23 minutes	9 minutes 60% savings	30% - 40% savings	40% - 50% savings	50% savings	50% savings
Route 2[3] 200 Street to/from Grandview Highway	1 hour 47 minutes	49 minutes 54% savings	30% - 40% savings	40% - 50% savings	50% savings	50% savings
Route 3[4] 176 Street to/from Brunette Avenue	52 minutes	23 minutes 55% savings	30% - 40% savings	40% - 50% savings	50% savings	50% savings

Corridor Incident Prevention

A key objective of the Port Mann/Highway 1 Improvement Project is to improve the safety and efficiency of the highway corridor. Improved interchanges, new merging lanes, dedicated on and off-ramps and an overall reduction in congestion will all contribute to a safe and efficient corridor.

To measure the improvement in safety and efficiencies of the highway corridor, this performance measure was developed during 2013/14 for future years to reflect TI Corp's goals of operating a safe and efficient corridor. The target is to see an initial 20% reduction in vehicle collisions. This target was developed based on incident statistics experienced in other jurisdictions, incident forecasts by independent traffic engineering firms and performance on the completed portion of the corridor.

Actual collision data before and after Port Mann/Highway 1 improvements will be gathered from the British Columbia Ministry of Transportation and Infrastructure's Collision Information System[5].

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[1] Round trip travel times are based on westbound AM and eastbound PM total travel times.
[2] Route 1: 152 Street at 108 Avenue, Surrey to/from United Boulevard at Lougheed Highway, Coquitlam.
[3] Route 2: 200 Street at 80 Avenue, Langley to/from Boundary Road at Grandview Highway, Vancouver.
[4] Route 3: 176 Street at 96 Avenue, Surrey to/from Brunette Avenue at Lougheed Highway, Coquitlam.
[5] The Collision Information System database is populated by collision information gathered by police incident reports on the provincial roadways and received from ICBC.

The Collision Information System reports out on a several month lag and results for the complete 2013/14 fiscal year were not available at the time of publishing this annual report.

In its 2014/15 – 2016/17 Service Plan, TI Corp established a pre-construction baseline of 680 collisions on the Port Mann/Highway 1 corridor. Review of initial post-construction data as of mid-2013 indicates a substantial drop in vehicle collisions and a greater than forecast reduction from the baseline number of collisions. These results will be published in annual reports for future years.

GOAL 3: OPERATE A SELF-SUSTAINING AND FINANCIALLY STABLE ORGANIZATION

This was TI Corp's first full year of tolling operations and provided its first full year of actual traffic data. Careful review and consideration confirms that TI Corp will meet all of its financial obligations and pay off the project debt before the expiry of the tolling period in 2050, as laid out in the Concession Agreement. During project planning, the Province observed the experience of other toll roads and developed a conservative approach to financial management, establishing a debt repayment period that was long enough to minimize any risks.

As such, it is TI Corp's responsibility to ensure a sustainable, long term source of revenue and demonstrate the cost-effective management of operations. To this end, TI Corp ensures it remains financially stable by implementing operational efficiencies and controlling administrative costs.

Strategies:

- Repay the Port Mann/Highway 1 Improvement Project debt within the prescribed time period
- Implement operational efficiencies and control administrative costs to keep costs low for TI Corp and tolls low for customers

Performance Measures

Operational Efficiency

A key measure of operational efficiency for an open road tolling system is the number of registered customers and the percentage of customers with registered accounts. Registered accounts with windshield decals and payment mechanisms on file are most efficient and cost effective because they are more accurate and payment is fully automated, meaning the added steps of invoicing and reconciliation are not required.

TI Corp's goal is to have 80% to 85% of regular users registered, which is consistent with best in class industry standards. Across North America, the industry average for registered accounts ranges between 60% and 70%.

Table 4: Percentage of Regular Users with Registered Accounts

Performance Measure	2013/14 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
% of regular users with registered accounts	83%	80-85%	80-85%	80-85%	80-85%

TI Corp's 2013/14 - 2015/16 Revised Service Plan had listed the ratio highway operations and maintenance costs to net revenue as a performance measure for operational efficiency. As traffic continues to fluctuate and as traffic and revenue projections are being updated, tracking expenses on a proportional basis does not provide a stable or meaningful measure of TI Corp's performance. As the table below indicates, annual expenses for both highway operations and administration remain stable, despite increasing revenue, and traffic volumes, ensuring TI Corp maximizes the proportion of its revenue devoted to debt repayment. Refer to page 29 for details on all TI Corp expenses.

Table 5: Annual Revenue/Highway Operations/Administrative Expense Targets

($ Millions)	2012/13 Actual	2013/14 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Revenue	15	94	121	144	159	174
Administration Expenses[6]	4	5	5	9	8	8
Highway Operations/ Maintenance Expenses	8	10	9	11	11	11

In late 2013/14, with a full year of actual traffic data, TI Corp began the process of updating its traffic forecasts. While short-term forecasts are lower than previously estimated, long-term forecasts show that TI Corp will meet its financial obligations.

To ensure TI Corp remains on track to meet all financial obligations by 2050, traffic forecasts will continue to be reviewed from time-to-time and compared against observed traffic volumes.

Annual revenue targets correspond with increasing traffic volumes. As drivers adjust to the full travel time benefits of the project, traffic volumes are expected to grow on Highway 1 in the years ahead. This is especially the case when considering the significant population, employment, and economic growth expected in Metro Vancouver and south of the Fraser River over the next 30 years. The bridge and highway expansion were designed and built to ensure sufficient capacity to meet the needs of future regional economic growth.

[6] Administration expenses in Table 5 has different groupings than in the Audited Financial Statements.

GOAL 4: PROVIDE SUPERIOR CUSTOMER SERVICE

Superior customer service has always been one of TI Corp's key priorities, and the organization sets and achieves high standards for its interactions with customers.

As TI Corp's role continues to transition from project management to tolling operations, its customer service performance measures have changed as well. In 2013/14, its annual customer satisfaction survey measured customer attitudes toward the toll system and TReO, TI Corp's customer-facing brand.

To ensure the toll operator maintains a satisfactory level of service, its performance is measured on key indicators of customer service. The toll operator was selected in part because of its demonstrated experience and commitment to customer service. In any given month, the TReO Customer Service Centres receive more than 46,000 phone calls and 3,600 walk-in customers and respond to approximately 4,000 customer emails and letters.

Strategies

TI Corp's strategies to provide continued superior customer service include:

- Operate a toll system that is easy, electronic and efficient for customers
- Ensure customers receive superior service

Performance Measures

Customer Service Standards of Performance

The toll operator is held to performance measures that reflect fast, accurate and customer-focused service. These performance measures are derived from the key performance indicators in the toll operator agreement. Annual surveys of TReO customers are conducted by TI Corp to ensure the toll operator maintains a satisfactory level of service.

Note this is a new goal introduced in TI Corp's 2013/14 – 2015/16 Revised Service Plan. This goal reflects the change from a previous performance measure; customer satisfaction and effectiveness of TI Corp's efforts to maximize predictability and minimize disruption during construction. This measure has been phased out as construction begins to wind down. Remaining construction is final finishing work, primarily focused on completing the Port Mann Bridge to its final 10 lane width.

Table 4: Customer Service Standards of Performance

Performance Measures	2013/14 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Percentage of telephone calls answered within 20 seconds	79.1%	80%	80%	80%	80%
Number of customer service complaints as a share of Port Mann crossings	0.26/10,000	1/10,000	1/10,000	1/10,000	1/10,000
Overall level of satisfaction with the toll system and customer service	88.1%	80-85%	85%	85%	85%
Overall satisfaction with the bridge and highway improvements	89%	80-85%	85%	85%	85%

Performance Management

TI Corp's commitment to its customer service responsibilities is reflected in its high standards and its successful performance against those measures. TI Corp exceeded its targets for three of its four customer service measures, clearly demonstrating the high priority placed on this goal.

The minor variance for the percentage of telephone calls answered within the 20 seconds performance measure (79.1% actual compared to an 80% target) can be attributed to the early 2013/14 start-up phase for the toll operator. During this phase, the call centre received higher than average volumes of customer inquiries. As customers became more familiar with registration, TReO invoices, promotions, and tolling in general, those volumes decreased. In recent months that performance measure has consistently scored above target, and that trend is expected to continue during normal operations.

GOAL 5: Engage A Workforce That Drives Operational Success

TI Corp requires a highly qualified, diverse and flexible workforce in order to provide reliable, customer-oriented service for commuters and stakeholders that rely on the Port Mann/Highway 1 corridor.

Strategies

TI Corp's strategies to engage its workforce and drive operational success include:

- Supporting and investing in its employees
- Fostering a culture of accountability, teamwork and innovation

Performance Measures

TI Corp monitors success in leading an engaged workforce through its annual spring employee survey, which covers a broad range of attributes including performance management and employee engagement. TI Corp's forecast for success in terms of employee satisfaction mirrors TI Corp's own benchmarks for customer satisfaction, which are derived from the key performance indicators in the toll operator agreement.

Table 5: Employee Satisfaction with TI Corp

Performance Measure	2013/14 Actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target
Employee satisfaction with TI Corp as an employer of choice that invests in and supports its employees.	72%	85%	74% (Previous result +2%)	TBD	TBD

Performance Management

Employee engagement is a priority for TI Corp, as is reflected in the ambitious target for 2013/14, but TI Corp management remains committed to improving this measure over the next few years.

As a Crown corporation formed in 2008, TI Corp is a relatively new organization with approximately 30 staff. As it transitions from construction to tolling operations, feedback from the employee survey indicated a desire from staff to ensure the corporation's values and vision evolved in conjunction with the organization's mandate. Work to develop TI Corp's corporate values and vision took place through 2013/14, and will be ongoing as the organization completes its transition to an operating company.

RISKS

TI Corp has a risk management program which more formally requires the identification, monitoring and mitigation of risks throughout the Corporation. Key risk management processes that have been adopted include:

- Identification of risks at both a project and corporate level
- Pro-active risk mitigation and clear accountability
- Centralized tracking and updating
- Regular management and Board review
- Timely communication of risks throughout the organization

Current identified issues/risks and plans to address those risks are as follows:

Table 6: Risks and Responses

Risk	Response
Escalation of project borrowing costs	Risks associated with interest rate fluctuations over the course of the project were mitigated through the use of a long-term hedging strategy. TI Corp maintains a mix of both long term and short term debt in accordance with the 2009 debt financing strategy. This mix enables the organization to conservatively take advantage of short term interest rates to reduce borrowing costs. Regular cash flow monitoring, analysis and reporting, inclusive of debt strategies, were conducted through 2013/14. TI Corp has locked in long term debt at a favourable rate to minimize borrowing costs as appropriate.
Escalation of project budget and schedule	The Project is on schedule and on budget. Phase 2 improvements opened to traffic in December 2013 and final finishing work will continue through 2014. This work primarily involves completion of the final two lanes of the Port Mann Bridge, which are required for future capacity and operational efficiencies. TI Corp has entered into a design build agreement with the contractor that requires the contractor to meet specific costs and dates for the delivery of specific elements of the project. The design build agreement places responsibility for construction-related cost overruns with the contractor for those activities under its direct control. Ongoing monthly monitoring of construction progress is undertaken to achieve schedule certainty and mitigate cost pressures.

Risk	Response
Traffic diversion to alternate crossings	Drivers began to experience the project's full travel time savings when new Highway 1 lanes opened west of the Port Mann Bridge. Travel time surveys have confirmed many drivers are cutting their commuting time by 50% or more, and these time savings will result in more drivers choosing this corridor over time. Diversion to other crossings as a result of the introduction of tolling is expected to subside over time, consistent with the experience in other jurisdictions where tolling is more common.
Long-term traffic volume fluctuations	With a year of actual traffic data, TI Corp was able to begin the process of recalculating its traffic and revenue forecasts. In late 2013/14, TI Corp updated the financial forecast for the tolling period to incorporate the impact of both actual operating experience to date and an updated traffic forecast for future years. While short-term forecasts are lower than previously estimated, long-term forecasts show that TI Corp will meet its financial obligations. With another million people expected to move to Metro Vancouver over the next 30 years, growth is forecast on the Port Mann Bridge at a rate that reflects the population and economic growth anticipated for the area. TI Corp is on track to meet its long term financial obligations, including repayment of the project debt within the established tolling period, which expires in 2050. Ongoing monitoring of traffic volumes and usage patterns allows for updates to financial forecasts and development of mitigation plans as required.
Collectability of tolls	TI Corp's registration drive and incentives encouraged widespread user registration, significantly increasing the collectability of billed transactions. TI Corp has an agreement with ICBC to refuse to issue (RTI) renewals of driver's licences and automobile insurance for drivers with toll balances of $25 or more that have been outstanding for 90 days. This arrangement provides TI Corp with additional certainty regarding toll collection. TI Corp uses look up services to identify out-of-province drivers and send invoices. More than 110,000 invoices had been sent to drivers from outside of British Columbia and the majority have been paid.

Risk	Response
Improved reliability and safety on the Port Mann/ Highway 1 corridor	Vehicle incidents on the corridor were responded to quickly and efficiently by following TI Corp's established incident management procedure. Weather-related traffic disruptions were prevented by a weather monitoring and control protocol that was refined and implemented in advance of winter 2013/14.

The risk mitigation steps outlined above minimized the potential impacts of these risks to Transportation Investment Corporation. The identified risks had no significant impact on results for 2013/2014.

GOVERNMENT'S LETTER OF EXPECTATIONS

The Government's Letter of Expectations, between the shareholder (the Government of British Columbia) and TI Corp, is an agreement on the respective roles and responsibilities of each, and serves as the basis of agreement between the shareholder and the Corporation on corporate mandate including high-level performance expectations, public policy issues and strategic priorities.

Table 7: TI Corp Alignment to GLE

GLE Direction	Transportation Investment Corporation Alignment
Manage and ensure the delivery and implementation of the design build work on the Port Mann/Highway 1 Improvement Project, all in accordance with the terms of the design build agreement dated as of March 17, 2009, signed between Transportation Investment Corporation (TI Corp) and Kiewit/Flatiron General Partnership, the contractor.	TI Corp continues to manage and ensure the quality of work done by the design-build contractor. In December 2013, new Highway 1 lanes west of the Port Mann Bridge were opened to traffic, delivering the full travel time savings promised by the Port Mann/Highway 1 Improvement Project. Travel time surveys conducted by an independent traffic engineering firm have confirmed the project improvements have cut commute times for many drivers in half, saving up to an hour a day.
Establish a tolling system and toll collections at the Port Mann Bridge, consistent with the provisions of the Port Mann / Highway 1 Concession Agreement signed on March 10, 2010, between the Province, BCTFA and TI Corp and any future modifications to this agreement.	Trans-Canada Flow Tolling, the Port Mann/Highway 1 tolling operator, commenced operations during the summer of 2012. Registration for TReO tolling accounts exceeded expectations with more than one million vehicles registered by December 2013. TI Corp's registration drive has been recognized internationally as best-in-class for a new open road tolling system.

GLE Direction	Transportation Investment Corporation Alignment
Work with the Ministry of Transportation and Infrastructure (the Ministry) to ensure financial targets and reporting requirements, as identified in the Ministry Budget Letter to TI Corp, are met. Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies.	TI Corp is committed to managing and meeting the financial targets outlined in its Service Plan. Regular dialogue and meetings between TI Corp and the Ministry ensure communication regarding financial reporting is frequent and timely. TI Corp submits quarterly financial statements, capital expenditures and cash flow forecasts.
Fulfill any other obligations consistent with the provisions of the Concession Agreement.	Transportation Investment Corporation continues to fulfill its obligations under the Concession Agreement. TI Corp conducts an ongoing review of its operations in an effort to improve efficiency and reduce costs wherever possible.

Action Taken on Climate Change

TI Corp is playing an active role in the Province's climate change goals. With the opening of Highway 1 improvements through Coquitlam, Burnaby and Vancouver, the Port Mann/Highway 1 Improvement Project has delivered its promised travel time savings, commuters are seeing a further reduction in congestion-induced idling and traffic delays, which is a key contributor to greenhouse gases.

The new bridge, in conjunction with HOV and transit improvements have allowed for more commuting options along the Highway 1 corridor. The Express Bus service that connects Langley to New Westminster in less than 25 minutes is increasingly popular with up to 50,000 passengers per month. The Port Mann/Highway 1 HOV network has been connected from end-to-end, providing dedicated on and off-ramps and lanes for carpools. Cycling and pedestrian infrastructure has been incorporated into all new interchange and overpass structures where they connect to existing or planned infrastructure. Once complete, the new Port Mann Bridge will include a pedestrian and cyclist pathway, the first multi-user pathway over the crossing.

On a corporate level, Transportation Investment Corporation understands the importance of mitigating its carbon footprint and complying with the province's Climate Action targets. A Climate Action Team was established in 2010 to support the targets established by the Climate Neutral Action Reporting initiative. The team helps reduce carbon emissions on an office level by encouraging green purchasing decisions, conservation of electricity, electronic records management systems, recycling and more.

FINANCIAL REPORT

Management Discussion and Analysis

Management's discussion and analysis of the financial results from operations and financial position for the year ended March 31, 2014 should be read in conjunction with the audited financial statements and accompanying notes.

The financial statements and results presented have been prepared according to International Financial Reporting Standards (IFRS), as required by the International Accounting Standards Board. IFRS are issued by the International Accounting Standards Board.

Management has included some forward-looking statements based on information currently available. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ from those forward-looking statements.

Executive Summary

With a full year of actual traffic data now available, TI Corp has begun the process of updating its traffic and revenue forecast. TI Corp continues to monitor its results and mange operations to achieve forecasts, goals and performance measures.

The long-term forecast confirms that TI Corp remains self-sufficient and is on track to meet its long term financial obligations.

The forecast for the short-term has been lowered to reflect that economic realities have changed over the past several years, and the original traffic forecasts for the Port Mann Bridge were produced at a time when outlooks were substantially different.

In addition to the 2008 recession, another very significant factor, not fully accounted for in earlier forecasts, is that a number of drivers continued to avoid Highway 1 during construction between 2009 and 2013. Although every effort was made to reduce impacts to drivers, this was the largest transportation project in B.C. history and some drivers avoided the corridor during construction.

The new forecast also recognizes the popularity of the new ExpressBus service now crossing the bridge. And finally, higher average gas prices over the last few years have led to drivers being more selective about the trips they take.

As a result of all of these factors, TI Corp has revised its expectations for traffic over the next few years by using a lower starting point and a lower growth rate. Revenue estimates for the next three fiscal years are approximately 20 per cent below previous forecasts.

While traffic growth is more modest than originally anticipated, TI Corp's operating expenses are also lower than anticipated as well.

With another million people expected to move to Metro Vancouver over the next 30 years, TI Corp forecasts growth in traffic on the Port Mann Bridge at a rate that reflects the population and economic growth in the region.

Operations Report

Based on a year's worth of actual traffic data, TI Corp has been able to refine its traffic and revenue forecast based on more modest traffic growth than anticipated during project planning. Forecasts going forward reflect these updated targets.

Table 8: Operations Report

($ millions)	2012/13 Actual – Restated[9]	2013/14 Actual	2013/14 Target	Variance to Target	2014/15 Target[10]	2015/16 Target[10]	2016/17 Target[10]
Revenue	15	94	121	(27)	144	159	174
Operating Expenses[7]	30	28	58	30	20	20	20
Highway Operations/ Maintenance	8	10	9	(1)	11	11	11
Administration (including salaries and fees)[8]	4	5	5	-	9	8	8
Operating Profit	(27)	51	49	2	104	120	135
Borrowing and Hedging costs	25	105	107	2	131	148	158
Depreciation	8	34	34	-	52	52	53
Net Loss	(60)	(88)	(92)	4	(79)	(80)	(76)
Other Comprehensive Income	(29)	8	-	8	-	-	-

7,8 Operating and administration lines in Table 8 have different groupings than in the Audited Financial Statements.

9 The 2012/13 Actuals are restated to align with current year's groupings.

10 The 2014/15 to 2016/17 targets are grouped differently compared to 2013/14 to reflect the continued transition of TI Corp from a construction company to an operational company.

TI Corp earned net revenue of $94 million, compared to its budget of $121 million due to lower than expected traffic volumes. The traffic volumes were principally the result of the 2008 recession, drivers avoiding the corridor during construction as well as the popularity of the new ExpressBus service now crossing the bridge. The long term forecast is for traffic volumes to grow on Highway 1 in the years ahead because of significant population, employment, and economic growth expected in Metro Vancouver and particularly south of the Fraser River over the next 30 years.

TI Corp's revised forecast confirms it will remain self-sufficient, due largely to conservative long term planning, but also through prudent approach to expense management, which resulted in savings and efficiencies throughout the organization. The total operating expense savings is mainly due to efficiencies experienced and lower than expected tolling operating costs.

To create predictable and affordable debt interest costs, TI Corp adopted a financial strategy that included interest rate hedging to lock in borrowing costs. This minimized the impact of global interest rate volatility and provided certainty around future debt costs. All of these hedging instruments have now been executed and the corporation is now considering future financing strategies.

Construction Report

The approved budget for the Port Mann/Highway 1 Improvement Project is $3.319 billion.

Table 9: Construction Report

($ millions)	Cumulative Actual to 2011/12	2012/13 Actual	2013/14 Actual	2013/14 Target	Variance	2014/15 Target	2015/16 Target
Capital Expenditures	2,457	540	202	273	(71)	120	Nil

TI Corp opened improvements west of the Port Mann Bridge on time and on budget in December 2013, delivering the project's promised travel time savings. Work is on target to achieve completion in 2014/15.

Final finishing work remains along the project corridor, which primarily consists of completing the bridge to its final 10-lane width and decommissioning work on the original Port Mann Bridge.

TI Corp's capital expenditures for 2013/14 were $202 million compared to the budgeted $273 million. The variance of $71 million was primarily a result of credits for work completed and shifting portions of capital work, primarily related to the completion of the bridge's final two lanes, from 2013/14 to 2014/15.

The capital expenditures during fiscal 2013/14 totaled $202 million to bring the total capital expenditures to date of $3,199 million.

2013/14 AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

At March 31, 2014

May 13, 2014

Statement of Management Responsibility

Year ended March 31, 2014

The financial statements of Transportation Investment Corporation have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Corporation's Board of Directors is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Board with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Transportation Investment Corporation.

Yours truly,

Pat Soanes
VP, Finance & Corporate Services

Mario Piscitelli
Director, Finance

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Transportation Investment Corporation, and
To the Minister of Transportation and Infrastructure, Province of British Columbia

I have audited the accompanying financial statements of Transportation Investment Corporation which comprise the statement of financial position as at March 31, 2014 and the statement of operations and other comprehensive income or loss, statement of cash flows and statement of changes in shareholder's equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Transportation Investment Corporation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Victoria, British Columbia
May 13, 2014

Russ Jones, MBA, CA
Auditor General

Transportation Investment Corporation
Statement of Financial Position
As at March 31
(In $000's)

	Notes	2014	2013
ASSETS			
Current Assets			
Cash		$ 21,180	$ 61,153
Trade and other receivables	6	23,585	13,102
Prepaids and deposits	7	270	1,781
		45,035	76,036
Long Term Assets			
Property, plant and equipment, net	8	3,038,6[illegible]6	2,867,775
Intangible assets, net	9	120,238	122,880
Investment property, net	10	703	705
Restricted cash	11	10,500	10,500
		3,170,297	3,001,860
		$ 3,215,332	$ 3,077,896
LIABILITIES			
Current Liabilities			
Payables and accrued liabilites	12	$ 56,129	$ 410,673
Deferred revenue	24	977	129
Current indebtedness	13	867,237	764,801
Provision	15	16,073	19,411
		940,416	1,195,014
Long Term Liabilities			
Long-term indebtedness	14	2,567,162	2,028,935
Provision	15	-	16,073
Derivative liability	16,17	-	72,495
		2,567,162	2,117,503
		3,507,578	3,312,517
SHAREHOLDER'S EQUITY			
Share capital and contributed surplus	18	150,000	150,000
Deficit		(222,829)	(134,988)
Accumulated other comprehensive loss	17	(219,417)	(249,633)
		(292,246)	(234,621)
		$ 3,215,332	$ 3,077,896
Subsequent events	31		

Approved on behalf of the Board of Directors on May 13, 2014

Colin Hansen, Chair

Don Fairbairn, Director

The accompanying notes form an integral part of these financial statements.

Transportation Investment Corporation
Statement of Operations and Other Comprehensive Income (Loss)
For the year ended March 31
(In $000's)

	Notes	2014	2013
REVENUES			
Tolling and related revenues	20	$ 93,518	$ 14,828
Other revenues		452	215
		93,970	15,043
EXPENSES			
Tolling operations		14,054	16,753
Highway maintenance		10,271	8,349
Technical services		9,929	6,092
Communications and marketing		1,612	5,558
General and administrative		6,899	5,184
Depreciation and amortization	21	34,000	8,003
		76,765	49,939
INCOME (LOSS) FROM OPERATIONS		17,205	(34,896)
OTHER EXPENSES			
Borrowing costs	22	105,046	24,917
Hedge ineffectiveness loss	17	-	78
		105,046	24,995
NET LOSS		(87,841)	(59,891)
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized effective hedging loss	17	-	(17,071)
Realized effective hedging gain (loss)	17	8,420	(11,852)
		8,420	(28,923)
COMPREHENSIVE LOSS FOR THE YEAR		$ (79,421)	$ (88,814)
Related party transactions	19		
Wages and benefits	23		

The accompanying notes form an integral part of these financial statements.

Transportation Investment Corporation
Statement of Cash Flows
For the year ended March 31
(In $000's)

	Notes	2014	2013*
OPERATING			
Net loss		$ (87,841)	$ (59,891)
Items not affecting cash:			
Depreciation and amortization	21	34,000	8,003
Borrowing costs	22	105,046	24,917
Hedge ineffectiveness loss	17	-	78
Changes in operating working capital:			
Increase in trade and other receivables		(9,881)	(7,820)
(Increase) Decrease in prepaids and deposits		1,511	(66)
Increase in payables and accrued liabilities		5,959	3,326
Increase (Decrease) in deferred revenue		848	129
Decrease in provision		(19,411)	(3,425)
		30,231	(34,749)
FINANCING			
Proceeds from short-term debt, net of repayments		102,303	429,925
Proceeds from long-term debt, net of repayments		550,949	392,547
Interest paid on debt		(111,726)	(89,026)
Settlement of derivative financial instruments		(64,075)	(68,470)
		477,451	664,976
INVESTING			
Intangible assets		1,033	3,112
Property, plant and equipment		(203,463)	(544,792)
Rehabilitation		(7)	(289)
Interest capitalized during construction ("IDC")	22	21,757	69,729
Interest earned that reduced IDC	22	-	(333)
Changes in investing working capital:			
Increase in trade and other receivables		(602)	(2,544)
Decrease in payables and accrued liabilities		(366,373)	(105,870)
		(547,655)	(580,987)
Change in cash during the period		(39,973)	49,240
Cash, start of the period		71,653	22,413
Cash, end of the period		$ 31,680	$ 71,653
Cash consists of:			
Cash in bank		$ 21,180	$ 61,153
Restricted cash		10,500	10,500
Total cash		$ 31,680	$ 71,653

** The comparatives presented for the fiscal 2013 year have been reclassified to better reflect the cash components of debt, to present investing figures on a net basis and other minor adjustments.*

The accompanying notes form an integral part of these financial statements.

Transportation Investment Corporation
Statement of Changes in Shareholder's Equity
For the year ended March 31
(In $000's)

	Notes	2014	2013
SHARE CAPITAL AND CONTRIBUTED SURPLUS			
Beginning of the year	18	$ 150,000	$ 150,000
End of the year		$ 150,000	$ 150,000
DEFICIT			
Beginning of the year		$ (134,988)	$ (75,097)
Net loss from operations		(87,841)	(59,891)
End of the year		$ (222,829)	$ (134,988)
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Beginning of the year		$ (249,633)	$ (229,258)
Other comprehensive gain (loss) for the period	17	8,420	(28,923)
Amortization on cash flow hedge reserves	17,22	21,796	8,548
End of the year		$ (219,417)	$ (249,633)
TOTAL SHAREHOLDER'S EQUITY		$ (292,246)	$ (234,621)

The accompanying notes form an integral part of these financial statements.

1. GENERAL BUSINESS DESCRIPTION

The Transportation Investment Corporation ("TI Corp" or "the Corporation") is a Crown corporation wholly owned by the Province of British Columbia. The Corporation's registered office is Suite 210 – 1500 Woolridge Street, Coquitlam, British Columbia.

TI Corp was established on June 25, 2008 under the *Transportation Investment Act (SBC 2002)*. The Corporation is currently undertaking the design, building and operations of the Port Mann/Highway 1 Improvement Project ("Project"), which includes tolling, and highway maintenance and rehabilitation. The Corporation may also engage in or conduct business authorized by the Lieutenant Governor in Council.

On March 10, 2010, the Port Mann Highway 1 Bridge Concession Agreement ("CA"), which outlines the terms and conditions of the Project, was signed by authorized representatives of TI Corp, the BC Transportation Financing Authority ("BCTFA") and the Ministry of Transportation and Infrastructure.

In December 2012, the Port Mann Bridge, in the eight lane configuration, was officially opened to traffic and toll collection activities commenced in accordance with the CA. In December 2013, all lanes on the remainder of the Highway 1 corridor opened for use by all traffic. Work continues on the completion of the remaining two lanes on the Port Mann Bridge.

The Minister of Finance for British Columbia is the fiscal agent for the Transportation Investment Corporation.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and include International Accounting Standards ("IAS"), interpretations issued by the IFRS Interpretations Committee and the former Standing Interpretations Committee.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) *Basis of Measurement*

The financial statements have been prepared using the historical cost basis, except for certain financial instruments, including derivatives, which are classified and measured at fair value.

b) Basis of Presentation

The functional and presentation currency of the Corporation is Canadian dollars. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year to better reflect the nature of operations for the Corporation as tolling activities begin to normalize.

c) *Revenue Measurement and Recognition*

Revenue is measured at the fair value of the consideration received or receivable.

The primary sources of revenue for the Corporation are tolling charges for use of the Port Mann Bridge and associated account processing and maintenance fees. The recognition of revenue in the Statement of Operations and Other Comprehensive Income (Loss) occurs when all of the following conditions have been satisfied:

i) The amount of revenue can be measured reliably;
ii) It is probable that the economic benefits associated with the transaction will flow to the Corporation;
iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
iv) The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Accordingly, tolling revenue is recognized, net of promotions and discounts, for each vehicle crossing over the Port Mann Bridge provided it satisfies the above recognition requirements. Where customers have acquired monthly passes, revenue is initially deferred and subsequently recognized in the periods for which the benefit of the pass relates.

d) Cash

All cash is held with major financial institutions.

e) *Impairment of Receivables*

At the end of each reporting period, the Corporation uses objective evidence, such as an aging analysis, to determine the best estimate of any impairment associated with receivables. Impairment expenses on receivables are recorded in the Statement of Operations and Other Comprehensive Income (Loss) and adjusted in subsequent periods if the amount of the impairment changes.

f) *Property, Plant and Equipment*

Property, plant and equipment are recorded in the Statement of Financial Position, at cost net of accumulated depreciation and net of any impairment loss, provided the purchase amount is greater than $10,000 individually or in aggregate within a group of similar items. All costs are initially recorded at fair value and subsequently measured at cost less accumulated depreciation and impairment losses.

Assets under construction consist primarily of highway infrastructure components under development including bridges, roadbeds, overpasses, underpasses, retaining walls and drainage systems. Their cost includes all costs which are directly attributable to the asset, inclusive of borrowing costs prior to the asset being available for use, net of any temporary investment income, and costs which are necessary to bring the asset into the location and condition for the operational use intended. The capitalization of costs ceases when the asset is re-categorized as available for use using the percentage of completion method.

For assets that are made available for use, depreciation charges commence when the asset is capable of operating in the manner intended by management using methods and rates determined to depreciate the cost of the property, plant and equipment over their estimated useful lives. The methods and rates are reviewed, and adjusted if necessary, on an annual basis. The depreciation method and useful lives for each asset class are as follows:

Asset	Depreciation Method	Useful Lives (in years)
Highway Infrastructure	Units of Production*/Straight Line	10 to 77
Port Mann Bridge	Units of Production*	25 to 77
Tolling and Traffic Systems	Straight Line	8 to 40
Office and Leasehold Assets	Straight Line	3 to 10

** Components of the Highway Infrastructure and the Port Mann Bridge units of production are based on the number of vehicles that cross the bridge during the fiscal year, relative to the expected traffic over the life of the asset.*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising from de-recognition, calculated as the difference between the net disposal proceeds and the carrying value of the item, is included in the Statement of Operations and Other Comprehensive Income (Loss) in the year of de-recognition.

g) *Intangible Assets*

Intangible assets are comprised of land rights and recorded at cost. Amortization commenced December 1, 2012 on a straight line basis. The life of land rights is based on the term of the CA, 77 years, which expires in 2090.

h) Investment Property

Investment property, which includes land and a building, is initially recorded at cost, which approximates fair value, and is subsequently recorded at depreciated cost. Depreciation for the building is calculated on a straight line basis over an expected future life of 50 years.

i) *Impairment of Non-financial Assets*

Non-financial assets such as property, plant and equipment or intangible assets are tested for impairment when events or circumstances suggest that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less cost to sell or its value in use. Impairment losses are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

j) *Borrowing Costs and Interest Capitalization*

Short-term debt borrowing costs include transaction fees and interest. Long-term debt borrowing costs include transaction fees, applicable premiums or discounts and interest. These costs are amortized over the life of the specific debt instrument, using the effective interest rate method. All borrowing costs are segregated between operating and capital costs based on the available-for-use rates and the current total expenditure for the asset, as compared to the total projected expenditure for the asset.

k) *Pension Benefits*

Pension benefits for employees of the Corporation are provided through the BC Public Service Pension Plan. This defined benefit multi-employer plan is accounted for as a defined contribution post-employment benefits pension plan. Payments for the cost of this plan are accounted for on an accrual basis.

l) *Provisions*

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be necessary to settle the obligation, and the amount can be readily estimated. Provisions are not recognized for future operating losses.

m) *Financial Instruments*

IFRS requires that all financial instrument assets be classified as fair value through profit or loss, available-for-sale, held-to-maturity or loans and receivables. In addition, derivative financial instrument assets that are not accounted for as hedging instruments must be classified as held-for-trading. Financial instrument liabilities can be classified as fair value through profit or loss or as other liabilities. All financial instruments are measured at fair value on initial recognition. The subsequent measurement of financial instruments depends on the classification of the instrument.

Based on the classification of the financial instruments described below, the Corporation has measured its financial instruments subsequent to initial recognition at fair value as follows:

Financial Instrument	Classification	Subsequent Measurement	Recognition
Cash, restricted cash	Fair value through profit or loss	Fair value	Interest income and the effects of foreign currency translation are recognized in the Statement of Operations and Other Comprehensive Income (Loss) ("SOCI").
Trade and other receivables	Loans and receivables	Amortized cost, using the effective interest rate method	Interest income and impairment write downs are recognized in the SOCI.
Derivatives, where hedge accounting is applied	Derivative instruments in a qualified hedge relationship	Fair value, re-measured at each reporting period	The effective portion of the derivative relationship is recognized in Other Comprehensive Income. The ineffective portion is recognized in the SOCI.
Payables	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the SOCI.
Short-term and Long-term indebtedness	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the SOCI.

n) Leases

Leases are classified as finance or operating depending on the terms and conditions of the contracts. Currently, all leases held by the Corporation are classified as operating leases. Accordingly, all leases are expensed on a straight line basis.

o) *Foreign Currency Translation*

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the end of the accounting period. Changes in the Canadian dollar equivalent of these monetary assets and liabilities due to changes in the exchange rate are recognized in the Statement of Operations and Other Comprehensive Income (Loss).

p) Income Taxes

TI Corp is exempt from corporate income taxes.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, exhibit some variances to actual results.

The following categories set forth management's most critical estimates, assumptions and judgments.

Valuation of Assets under Construction

The Corporation utilizes the percentage of completion method to determine the cost of assets under construction. The determination of the percentage is estimated by the contractor and approved by the Corporation's representative. A variation of 1% of the total contract price would result in an estimation error of $24 million. As the design build contract is a fixed price contract, any percentage of completion estimation errors will be corrected on final project completion.

Valuation of Assets Available for Use

The Corporation utilizes the percentage of completion method to determine the value of assets available for use. Assets are considered available for use when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. The determination of assets available for use has a financial impact to the Corporation as the capitalization of borrowing costs ceases and depreciation commences when the asset is determined to be available for use.

Depreciation

The Corporation is required to make significant estimates involved in the calculation of depreciation. The estimates include the useful life of the assets, the depreciation method, the expected traffic over the life of the CA, the componentization of the assets and the percentage of completion described above. The determination

of these estimates can have a significant impact to the Corporation's Statement of Operations and Other Comprehensive Income (Loss).

Accounts Receivable

The Corporation has recorded allowance in regards to the collectability of certain revenue generated from tolling operations. The allowance methodology includes estimates related to recoveries under the "refuse to issue" program. The refuse to issue program refers to the enforced payment mechanism on outstanding tolls through the annual insurance renewal process and/or the license renewal process administered by the Insurance Corporation of British Columbia.

Provisions

As part of the CA, the Corporation is required to decommission the old Port Mann Bridge and accordingly, the Corporation included the decommissioning costs in the design build contract. The measurement of the provision is estimated by the contractor and approved by the Corporation's representative. The value of the provision is reviewed at the end of each reporting period and any adjustments are recognized in the Statement of Operations and Other Comprehensive Income (Loss).

Impairment

The Corporation assesses all assets for impairment considerations at the end of each reporting period. When assessing for impairment considerations, the Corporation utilizes judgment and any valuation estimations provided by contractors. As all impairment charges are recognized immediately in the Statement of Operations and Other Comprehensive Income (Loss), impairment charges may have a significant impact on the results of the Corporation.

5. RECENT ACCOUNTING PRONOUNCEMENTS

i. IFRS 9 – Financial Instruments: This is a revised version of IFRS 9 (2010) incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements for IAS 39 Financial Instruments: Recognition and Measurement. The effective date is not yet established. TI Corp does not expect a significant financial impact as a result of this change.

ii. IAS 32 – Financial Instrument: Presentation: This amendment provides further clarification on the application of the offsetting requirements of financial assets and financial liabilities. TI Corp will start the application of IAS 32 in the financial statements effective April 1, 2014. TI Corp does not expect a significant financial impact as a result of this change.

The Corporation did not early adopt either of the above accounting pronouncements where early adoption was permitted.

6. TRADE AND OTHER RECEIVABLES

Receivables ($000's)	March 31, 2014	March 31, 2013
Tolling related receivables	$ 23,833	$ 11,595
Allowance for doubtful accounts	(2,817)	(1,169)
Net tolling accounts receivable	21,016	10,426
Related party trade accounts receivable (Note 19)	135	1,320
Other receivables	2,434	1,356
	$ 23,585	$ 13,102

7. PREPAIDS AND DEPOSITS

Prepaids and Deposits ($000's)	March 31, 2014	March 31, 2013
Prepaids	$ 227	$ 114
Security deposits	43	1,667
	$ 270	$ 1,781

8. PROPERTY, PLANT AND EQUIPMENT

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2014 are as follows (in $000's):

Cost	Highway Infrastructure	Port Mann Bridge	Tolling and Traffic Systems	Office and Leasehold Assets	Assets Under Construction	Total
Beginning balance	$ 1,112,457	$ 887,302	$ 40,066	$ 2,378	$ 833,551	$ 2,875,754
Additions	7	-	-	-	203,463	203,470
Reclassifications	784,704	177,460	2,585	-	(964,749)	-
Disposals	-	-	-	-	-	-
Total	1,897,168	1,064,762	42,651	2,378	72,265	3,079,224
Accumulated Depreciation						
Beginning balance	4,763	1,346	1,142	728	-	7,979
Additions	21,243	7,413	3,481	252	-	32,389
Disposals	-	-	-	-	-	-
Total	26,006	8,759	4,623	980	-	40,368
Net book value	$ 1,871,162	$ 1,056,003	$ 38,028	$ 1,398	$ 72,265	$ 3,038,856

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2013 are as follows (in $000's):

Cost	Highway Infrastructure	Port Mann Bridge	Tolling and Traffic Systems	Office and Leasehold Assets	Assets Under Construction	Total
Beginning balance	$ -	$ -	$ -	$ 638	$ 2,330,047	$ 2,330,685
Additions	289	-	-	1,740	543,040	545,069
Reclassifications	1,112,168	887,302	40,066	-	(2,039,536)	-
Disposals	-	-	-	-	-	-
Total	1,112,457	887,302	40,066	2,378	833,551	2,875,754
Accumulated Depreciation						
Beginning balance	-	-	-	472	-	472
Additions	4,763	1,346	1,142	256	-	7,507
Disposals	-	-	-	-	-	-
Total	4,763	1,346	1,142	728	-	7,979
Net book value	$ 1,107,694	$ 885,956	$ 38,924	$ 1,650	$ 833,551	$ 2,867,775

During Fiscal 2014, capitalized borrowing costs of $21.9 million (2013 - $69.8 million) were included as additions to assets under construction. The weighted average effective capitalized interest rate relating to the borrowing cost, including hedge amortization, in Fiscal 2014 was 0.67% (2013 – 2.71%).

9. INTANGIBLE ASSETS

TI Corp has entered into a licensing agreement with the BCTFA to use and occupy certain lands in order to permit the Corporation to comply with its obligations under the CA for the Project. The term of the license commenced on December 1, 2012 and ends on March 14, 2090. Credits are received from BCTFA for the unused portion of land not required for use. Amortization of these intangible assets commenced on December 1, 2012.

Land Rights (at cost) ($000's)	March 31, 2014	March 31, 2013
Beginning balance	$ 122,880	$ 126,388
Additions	3,474	3,820
Credits received for surplus lands	(4,507)	(6,932)
Amortization (note 21)	(1,609)	(396)
	$ 120,238	$ 122,880

10. INVESTMENT PROPERTY

TI Corp has purchased a small property on a temporary basis to facilitate construction activities. No portion of the investment property is for the use of TI Corp.

The assessed value for 2014 property tax purposes as determined by the British Columbia Assessment Authority was estimated to be $830,500. Given the assessed value, the current net book value does not require any impairment adjustment.

The building was available for use and depreciation commenced on April 1, 2011.

Investment Property (at cost) ($000's)	**March 31, 2014**	**March 31, 2013**
Beginning balance	$ 705	$ 707
Additions	-	-
Depreciation (note 21)	(2)	(2)
	$ 703	$ 705

Included in above is land valued at $619 (in $000's) and is not depreciated.

Effective April 1, 2011, the remaining investment property was leased on a yearly basis and will be sold upon completion of the project. TI Corp recorded the following results from rental operations:

Rental Operations ($000's)	**March 31, 2014**	**March 31, 2013**
Rental revenue	$ 6	$ 7
Rental expenses		
Repairs and maintenance	-	2
Utilities	1	1
Depreciation	2	2
Total rental expenses	3	5
	$ 3	$ 2

11. RESTRICTED CASH

Restricted cash of $10.5 million is held as collateral for a standby letter of credit issued by the Canadian Imperial Bank of Commerce (CIBC) in favor of the Receiver General for Canada on behalf of Fisheries and Oceans Canada (the beneficiary), to ensure TI Corp's compliance with their authorization for work or undertakings affecting fish habitat. TI Corp receives interest on this amount at a variable interest rate.

The standby letter of credit expires on June 29, 2014 and will be renewed annually until the letter of credit is rescinded or reduced as instructed by the beneficiary. If required, the standby letter of credit will also be automatically reduced by the amount of each drawing paid by CIBC to the beneficiary (see note 31 – Subsequent Events).

12. PAYABLES AND ACCRUED LIABILITIES

Payables ($000's)	March 31, 2014	March 31, 2013
Design/Build contractor	$ 3,505	$ 363,361
Related party payables and accruals (Note 19)	43,853	36,334
Other trade payables and accruals	8,771	10,978
	$ 56,129	$ 410,673

All account payables are in the normal course of operations and are measured at the exchange amount. Related party values are negotiated between the respective entities and approximate market values. Payables and accrued liabilities include accrued interest on long-term debt.

13. CURRENT INDEBTEDNESS

TI Corp funds its construction and operations with a blend of long-term and short-term debt. Current indebtedness includes accrued interest and the principal value of the short-term debt. Short-term debt is commercial paper debt assumed by TI Corp that typically matures within 30 to 365 days. TI Corp has been authorized by the Minister of Finance to acquire up to a limit of $1.3 billion (2013 – $1.3 billion) in short-term debt from the Province of British Columbia. The fair values of the commercial paper debt instruments approximate their stated values. At March 31, 2014, the Corporation had short-term debt totaling $867.2 million (2013 – $764.8 million) with annual interest rates ranging from 0.87% to 1.16% (2013 – 0.90% to 1.17%) and maturity dates ranging from Apr 8, 2014 to Nov 18, 2014 (2013 – Apr 5, 2013 to Jan 10, 2014).

14. LONG-TERM INDEBTEDNESS

Long-term debt consists of a series of bonds due to the Province of British Columbia. With the approval of the Minister of Finance, sinking fund contribution payments have been temporarily suspended but will commence once sufficient cash flows from tolling have been generated to permit these contributions without the requirement to borrow additional funds. There are no debt maturities over the next five years. One new long-term debt instrument was issued during the current fiscal year. It is the intention of TI Corp management to hold all long-term debt instruments until maturity.

The interest to be paid on currently held long-term debt over the next five years totals $113.3 million per year. During the construction phase of operations, a portion of the interest costs are capitalized as a part of the capital asset costs. Fair values have been provided by the Ministry of Finance as TI Corp's fiscal agent. The fair values have been determined using active market comparisons using relative yield curves provided by third party vendors. The fair value of the long-term debt is greater than the amortized cost due to declining interest rates.

At March 31, 2014, the Corporation had the following bond series outstanding (in $000's):

					March 31, 2014		March 31, 2013	
Debt Series	Maturity Date	Face Value	Coupon Rate	Effective Rate	Fair Value	Amortized Cost	Fair Value	Amortized Cost
BCCP148	9-Jun-39	$ 78,188	4.99%	5.06%	$ 92,709	$ 77,428	$ 100,167	$ 77,414
BCCD-22	18-Jun-40	$ 100,000	4.95%	4.76%	$ 118,376	$ 102,884	$ 127,970	$ 102,938
BCCD-19	18-Jun-31	$ 150,000	5.00%	5.06%	$ 171,993	$ 148,974	$ 186,162	$ 148,937
BCCD-22	18-Jun-40	$ 96,000	4.95%	5.34%	$ 113,640	$ 90,758	$ 122,852	$ 90,669
BCCD-W	19-Nov-27	$ 235,600	6.15%	4.70%	$ 302,409	$ 269,683	$ 322,014	$ 271,422
BCCD-X	18-Jun-29	$ 222,000	5.70%	4.70%	$ 271,888	$ 246,003	$ 296,649	$ 247,056
BCCD-X	18-Jun-29	$ 591,833	5.70%	4.17%	$ 724,831	$ 693,132	$ 790,840	$ 697,791
BCCD-28	18-Dec-22	$ 400,000	2.70%	2.92%	$ 391,378	$ 393,364	$ 402,445	$ 392,708
BCCD-23	18-Dec-19	$ 500,000	4.10%	2.40%	$ 552,826	$ 544,936	$ -	$ -
		$ 2,373,621			$ 2,740,050	$ 2,567,162	$ 2,349,099	$ 2,028,935

15. PROVISION

TI Corp has the contractual obligation to decommission the old Port Mann Bridge upon completion of the new structure. Although the direct contracting costs amount to $38.9 million, other indirect costs are likely to be incurred and are expensed as incurred. The design build contractor will determine the timing of this process, but it is anticipated to be removed by 2015. Due to the abbreviated time frame and the undetermined completion date of the decommissioning, net present value calculations were not utilized to determine the current year's valuation of this obligation.

Provision ($000's)	March 31, 2014	March 31, 2013
Beginning balance	$ 35,484	$ 38,909
Payments	(19,411)	(3,425)
	$ 16,073	$ 35,484
Current portion	$ 16,073	$ 19,411
Long-term portion	$ -	$ 16,073

16. HEDGING AND DERIVATIVE FINANCIAL INSTRUMENTS

TI Corp entered into a number of hedging transactions during Fiscal 2009, through advanced rate setting (ARS), also known as bond forwards and forward starting swap instruments. The sole purpose in entering into hedging transactions is to mitigate interest rate risk by offsetting expected interest rates. The Corporation does not enter into derivative financial instruments for trading or speculative purposes and, accordingly, designates all hedging instruments as cash flow hedges. The Corporation has elected to apply hedge accounting rules, which permit hedging gains or losses to be matched against future interest expense over the life of the hedged debt instruments in accordance with IAS 39 Financial Instruments: Recognition and Measurement. By March 31, 2014, all derivative financial instruments unwound and therefore the Corporation had no outstanding hedging instruments (2013 – one hedging instrument) with the derivative and hedged amount totaling $Nil (2013 – $500 million).

During Fiscal 2014, TI Corp recorded the following changes in its derivative financial instruments' value:

Derivative Liability ($000's)	March 31, 2014	March 31, 2013
Beginning balance	$ 72,495	$ 111,964
Unrealized loss adjustment	-	17,071
Realized loss adjustment	-	11,852
Realized gain adjustment	(8,420)	-
Allocated to accumulated hedging losses	(64,075)	(68,392)
Ending balance	$ -	$ 72,495

17. OTHER COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated Other Comprehensive Loss ($000's)	March 31, 2014	March 31, 2013
Derivative liability	$ -	$ 72,495
Accumulated hedging loss	219,417	177,138
Ending balance	$ 219,417	$ 249,633

The Statement of Operations and Other Comprehensive Income or Loss, consists of two components – Net Loss from Operations and Other Comprehensive Income or Loss. Net Loss from Operations recognizes the ineffective portions of fair value changes of financial hedging instruments (labelled "Hedge ineffectiveness loss"). Other Comprehensive Income or Loss recognizes the effective portions of both, the realized and unrealized, fair value changes of financial hedging instruments. The unrealized fair value changes are not amortized until the hedging instrument matures, at which time the fair values convert to realized changes and are amortized through borrowing costs, over the term of the debt assumed and accounted for in the accumulated hedging loss classification. During Fiscal 2014, TI Corp recorded the following changes in its accumulated hedging loss:

Accumulated Hedging Loss ($000's)	March 31, 2014	March 31, 2013
Beginning balance	$ 177,138	$ 117,294
Additions	64,075	68,392
Amortization	(21,796)	(8,548)
Ending balance	$ 219,417	$ 177,138

The Hedge Ineffectiveness Loss, being the ineffective portion of fair value changes of the hedging instruments for Fiscal 2014 is $Nil (2013 – $78,000). The effective portions of fair value changes of the hedging instruments for Fiscal 2014 are recorded as follows (in $000's):

	March 31, 2014	March 31, 2013
Unrealized Effective Hedging Loss		
Swap 1	$ -	$ (17,071)
	-	(17,071)
Realized Effective Hedging Gain (Loss)		
Swap 2	-	(11,852)
Swap 1	8,420	-
	8,420	(11,852)
	$ 8,420	$ (28,923)

18. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	March 31, 2014	March 31, 2013
Share capital	$ 100	$ 100
Contributed surplus	149,999,900	149,999,900
	$ 150,000,000	$ 150,000,000

Authorized share capital as stated in the *Transportation Investment Act*, is one share with a par value of $100, issued to the Minister of Transportation and Infrastructure.

19. RELATED PARTY TRANSACTIONS

TI Corp is related through common ownership to all Province of British Columbia ministries, agencies, Crown Corporations and all public sector organizations that are included in provincial Government Reporting Entity ("GRE"). A portion of the Corporation's suppliers are from within the GRE. Transactions with related parties are in the normal course of operations and are measured at the exchange amount, as determined through negotiations between these parties. The following is a list of the related parties and the nature of transactions with TI Corp:

Name of Related Party	Relationship	Nature of Transactions
Ministry of Finance	Parent	Debt financing and hedging instruments
Ministry of Transportation and Infrastructure	Parent	Technical services
BC Transportation Financing Authority	Associate	Occupy and use land and buildings
Partnerships BC	Associate	Administrative services
Ministry of Justice, Legal Services Branch	Associate	Legal services
BC Hydro	Associate	Utilities
ICBC	Associate	Services, vehicle look-up and insurance claim settlements
Public Service Agency	Associate	Employee benefits

The following shows the total amounts transacted with each related party as well as the outstanding balances at year end:

Related Party Transactions	Amount Transacted During		Oustanding Balance At	
(in $000's)	Fiscal 2014	Fiscal 2013	March 31, 2014	March 31, 2013
Minister of Finance	$ 765,249	$ 912,947	$ 33,593	$ 29,652
BC Ministry of Transportation and Infrastructure	20,896	18,558	10,024	4,095
Insurance Corporation of BC	319	363	143	164
Partnerships BC	113	691	2	69
BC Transportation Financing Authority	4,446	6,184	59	2,327
BC Public Service Agency	116	111	7	5
Ministry of Justice	122	755	20	22
BC Hydro	172	146	5	-
Total payable transactions	$ 791,433	$ 939,755	$ 43,853	$ 36,334
BC Ministry of Transportation and Infrastructure	3,721	16,960	135	820
BC Transportation Financing Authority	5,032	46,932	-	500
Total receivable transactions	$ 8,753	$ 63,892	$ 135	$ 1,320

20. TOLLING AND RELATED REVENUES

Tolling and Related Revenues ($000's)	March 31, 2014	March 31, 2013
Tolling revenue	$ 83,925	$ 18,757
Account fees	11,837	1,056
Discounts	(2,244)	(4,985)
	$ 93,518	$ 14,828

21. DEPRECIATION AND AMORTIZATION

Depreciation and Amortization ($000's)	March 31, 2014	March 31, 2013
Property, plant and equipment depreciation (note 8)	$ 32,389	$ 7,507
Intangible assets amortization (note 9)	1,609	396
Investment property depreciation (note 10)	2	2
Depreciation reclassification	-	98
	$ 34,000	$ 8,003

22. BORROWING COSTS

Borrowing Costs	Capital Portion		Operating Portion	
(in $000's)	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Interest and fees	$ 20,199	$ 69,401	$ 97,529	$ 23,645
Premium/Discount amortization	(2,090)	(5,674)	(10,631)	(1,608)
Hedge amortization	3,648	5,669	18,148	2,880
	$ 21,757	$ 69,396	$ 105,046	$ 24,917

23. WAGES AND BENEFITS

The total wages and benefits included in the Statement of Operations and Other Comprehensive Income (Loss) for Fiscal 2014 is $3.0 million (2013 – $2.4 million). Compensation to key management has increased due to filling two positions during the year and is comprised of the following:

Key Management Personnel ($000's)	March 31, 2014	March 31, 2013
Executive and Board compensation	$ 568	$ 385
Executive short term benefits	28	9
Executive post-employment benefits	7	-
Executive termination benefits	-	172
	$ 603	$ 566

24. DEFERRED REVENUE

Deferred revenue is comprised of customers who, at the end of the fiscal year, have a tolling credit balance in their account to be applied to future crossings.

25. CONCESSION AGREEMENT

TI Corp, Ministry of Transportation and Infrastructure (Ministry) and the BCTFA entered into a CA, dated March 10, 2010. The CA governs the duties, rights and responsibilities of each party with respect to the design, construction and tolling of the Port Mann Bridge and the surrounding highway infrastructure. The expiry date of the CA is March 14, 2090 and the tolling term expires on March 14, 2050.

TI Corp's duties as defined under the CA include:

- Manage and finance the construction of the Project.
- Undertake the ongoing operations, maintenance and rehabilitation of the Concession Highway.
- Develop and operate a tolling system during the tolling term.
- Collect and retain toll revenue.
- Maintain ownership of acquired capital assets.

Province's obligations as described in the CA include:

- Grant licenses and rights to TI Corp to permit the operation of a concession.
- Take possession of the capital assets at end of term.
- Permit the use of existing land and infrastructure.

BCTFA duties as defined under the CA include:

- Grant licenses for use and occupation of lands by TI Corp.

26. COMMITMENTS

Commitments (in millions)	Operational Commitments	Capital Commitments
Fiscal 2015	$ 22	$ 113
Fiscal 2016	15	1
Fiscal 2017	15	-
Fiscal 2018	14	-
Fiscal 2019	14	-
Beyond	-	-
	$ 80	$ 114

Included in Fiscal 2015 is a commitment to BC Ministry of Transportation and Infrastructure, a related party, totaling $25 million ($2 million to operational and $23 million to capital). Although TI Corp has no additional significant contracts in effect at March 31, 2014, the Corporation may have a requirement to engage contractors in the future for continued operational purposes.

27. CAPITAL MANAGEMENT

TI Corp defines capital as cash, cash equivalents, derivative contracts, contributed surplus, share capital and short-term and long-term debt.

Pursuant to Section 24.23(2)(c) of the *Transportation Investment Act*, with the approval of the Minister of Finance, TI Corp may borrow the sums of money considered necessary to carry out its mandate.

TI Corp's objective in managing its capital is to monitor its cash, debt and the use of derivative financial instruments in order to minimize its cost of capital and its exposure to credit, market, currency, interest rate and liquidity risks, and to ensure that sufficient resources are available to fund the Project and ongoing operations. To achieve this objective, management reviews its capital management approach on a continuous and ongoing basis. Cash in excess of day-to-day operational requirements is invested in interest bearing bank deposits.

During the construction phase of operations, TI Corp utilizes short-term debt to fund construction and ongoing operations. Pursuant to TI Corp's long-term debt strategy and hedging plan, its construction and operations are funded with a blend of long-term and short-term debt.

28. FINANCIAL INSTRUMENT RISKS

TI Corp is exposed to certain risks through its financial instruments.

Credit Risk

Credit risk is the risk to TI Corp that a counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation. TI Corp has entered into a derivative product transactions agreement with the Minister of Finance under which the Minister, as fiscal agent for the Corporation, may enter into derivative product transactions with third parties. Provincial Government policy is that derivative transactions are entered into only with counterparties, comprising Canadian Schedule A banks with a rating from Standard and Poor's and Moody's Investors Service Inc. of at least AA-/Aa3 or A+/A1. The Province also establishes limits on individual counterparty credit exposures and monitors these on a regular basis. At March 31, 2014 and 2013, TI Corp does not have significant counterparty credit risk on its derivatives as the fair value of the derivatives is $Nil or in a liability position.

Additionally, in accordance with the Corporation's accounting policies, revenue is recognized when it is probable that economic benefits will flow to the organization. The main criteria include the ability to measure and apply the correct fees and to be able to successfully retrieve the customer's correct billing information. Credit risk arises with respect to the ability to bill customers and the rate of collection from these customers.

Cash and trade and other receivables do not present a significant credit risk because:

- An incentive mechanism under the Tolling Operator Agreement is designed to reduce the overall credit exposure;
- The enforced payment mechanism through the insurance renewal process and/or the license renewal process; and
- Cash is held at major banking institutions with strong credit worthiness.

Liquidity Risk

Liquidity risk is the risk that TI Corp will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. TI Corp has been given approval to spend up to $3.319 billion on the Project, $3.6 billion of total debt, with funding provided through the Minister of Finance as TI Corp's fiscal agent. The Corporation has implemented a debt management plan and monitors its spending and debt through budgets, forecasts and effective management of its contracts.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. At March 31, 2014 and 2013, TI Corp has no foreign currency debt.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate because of changes in market interest rates. TI Corp is exposed to cash flow interest rate risk as a result of its requirement to assume short-term and long-term debt over the period of its infrastructure development and early stages of operations. As short-term debt must be renewed on a frequent basis, interest rate increases will lead to higher interest costs. For the 2014 fiscal year, a change of 1% to the short-term interest rate would result in an estimated short-term interest cost change of $8.3 million (2013 – $8.9 million). TI Corp has instituted a hedging strategy to mitigate the risk of higher long-term interest rates as discussed in note 16. At March 31, 2014, all of the Corporation's long-term debt is fixed rate debt; accordingly, changes in interest rates do not impact interest payments but may impact the fair value of such long-term debt.

Other Price Risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from currency or interest rate risks. Due to the nature of TI Corp's financial instruments, the Corporation is not exposed to other price risk.

Fair Value Disclosure

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. As fair values are dependent on a range of inputs used in making the measurements, a fair value hierarchy has been developed to disclose the basis of measurements used.

TI Corp has used the following fair value hierarchy to classify financial instruments recorded at fair value on the Corporation's Statement of Financial Position:

Level 1 – quoted prices (unadjusted in active markets for identical assets and liabilities);
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices), or indirectly (derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following outlines the fair value of certain financial instruments and their associated measurement level:

Financial Instrument ($000's)	March 31, 2014	March 31, 2013	Measurement Level
Cash	$ 21,180	$ 61,153	1
Trade and other receivables	$ 23,585	$ 13,102	1
Prepaids and deposits	$ 270	$ 1,781	1
Payables and accrued liabilites	$ 56,129	$ 410,673	1
Current indebtedness	$ 867,237	$ 764,801	1
Long-term indebtedness	$ 2,740,050	$ 2,349,099	2
Derivative liability	$ -	$ 72,495	2

The valuation of cash, accounts receivable, prepaids and deposits, accounts payable, and short-term debt approximated their fair values at year end because of the short-term maturities of these instruments. Long-term debt is valued on the Statement of Financial Position at its amortized cost using the effective interest rate method. The Ministry of Finance for British Columbia provides the fair value at year end.

The carrying value for derivatives hedging instruments which are over the counter instruments is established by use of discounted cash flow valuation models. The valuation models use market observable data for future interest rates in the estimation of fair value. The discount rate is based upon a risk free rate with a credit valuation adjustment for entity level or counterparty credit risk depending on whether the derivative is in an asset or liability position respectively. As TI Corp does not have an entity level credit rating the credit valuation adjustment takes account of credit rates for similar entities using market observable data where possible.

29. EMPLOYEE BENEFIT PLAN

In Fiscal 2010, both TI Corp and its employees commenced contributions to the Public Service Pension Plan (the "Plan"), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, have oversight responsibilities for the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefit pension plan that shares risk between various entities.

The Corporation does not account for its participation in the multi-employer plan as a defined benefit plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities which participate in the plan. Accordingly, the participation in the plan is accounted for using

defined contribution accounting requirements. The Corporation accrues expenses for contributions which are contractually due as at the reporting period date to the plan for past service based on the contribution funding schedule of the Plan.

At March 31, 2014, the Corporation has approximately 30 employees contributing to the Plan which has more than 110,000 active and retired plan members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest approximate valuation, as at March 31, 2013, indicated the basic account had assets of $21.2 billion and liabilities of $20.2 billion. The next valuation is due at March 31, 2014. The actuary does not attribute portions of any unfunded liability to individual employers. Total account contribution rates in effect for the year ended March 31, 2014, as a percent of salary, are as follows:

	Employee	Employer
Below year's maximum pensionable earnings for CPP	7.93%	9.43%
Above year's maximum pensionable earnings for CPP	9.43%	10.93%

In Fiscal 2014, the employees of the TI Corp contributed $147,193 (2013 – $127,319) and the Corporation paid $173,576 (2013 – $150,671) in employer contributions to the Plan.

30. CONTINGENCIES

The Corporation developed a Park & Ride Station known as the 202 Street Park & Ride Project. To develop the Project, TI Corp entered into an agreement with the Township of Langley ("Township"), which specifies that for a 15 year term, the Township is responsible to collect Specified Charges from any developer who develops Benefiting Parcels that connects the storm drainage system to the retention pond, which was built as part of the Project. Further, the Township is required to remit the Specified Charges collected to the Corporation at the beginning of the next calendar year and each calendar year thereafter, the Specified Charged collected from the previous year in respect of the development of Benefiting Parcels. Because the conditions outlined above are required to be met to collect the Specified Charges, the total amount to be received is considered conditional and unknown and, therefore, meets the definition of a contingent asset. At March 31, 2014, the Corporation has received $Nil.

In the ordinary course of business, TI Corp can become a defendant or party to pending or threatened legal actions and proceedings. It is not possible to determine the ultimate outcome of such matters; however, based on all currently available information, management believes that liabilities, if any, arising from any pending litigation will not have a material adverse effect on the financial position or results of operations of the Corporation.

31. SUBSEQUENT EVENTS

Subsequent to March 31, 2014, the Corporation received correspondence from the Receiver General for Canada on behalf of Fisheries and Oceans Canada that authorized the reduction of the standby letter of credit by $9 million, from $10.5 million to $1.5 million.

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